

TESTIMONY OF CHARLOTTE F. TERKEURST

ON BEHALF OF CITIZENS UTILITY BOARD  
AND THE PEOPLE OF THE STATE OF ILLINOIS

BEFORE THE ILLINOIS COMMERCE COMMISSION

ICC Docket No. 00-0596

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CUB/AG 1.0

Witness \_\_\_\_\_

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1     ***I.       Introduction and Summary***

2     Q.     PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

3     A.     My name is Charlotte F. TerKeurst. I am a Senior Vice President of Competitive  
4     Strategies Group, Ltd. (CSG). My business address is 70 East Lake Street, 7<sup>th</sup> Floor, Chicago,  
5     Illinois 60601.

6     Q.     PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EDUCATIONAL  
7     BACKGROUND.

8     A.     I joined CSG in August 1997. I consult primarily on telecommunications issues related  
9     to pricing, service quality, alternative regulation, competitive entry, numbering, and universal  
10    service.

11           Prior to joining CSG, I was employed by the Illinois Commerce Commission  
12    (Commission) as Manager of the Telecommunications Division and earlier as Director of the  
13    Telecommunications Program in the Office of Policy and Planning. In addition to managing  
14    technical staff, I was the lead staff witness in several proceedings, including the proceeding that  
15    established alternative regulation for Ameritech Illinois and the Commission's first investigation  
16    into Ameritech Illinois' compliance with Section 271(c) of the Telecommunications Act of 1996  
17    (TA 1996). After passage of TA 96, I spent significant time working with Federal  
18    Communications Commission (FCC) and National Association of Regulatory Utility  
19    Commissioners (NARUC) representatives on federal and State efforts to implement the new  
20    requirements of TA 96.

1 I was Manager of the Telecommunications Department at the Missouri Public Service  
2 Commission in 1991-1993. That Department addressed most aspects of telecommunications  
3 regulation in Missouri, including tariff filings, rate design, depreciation, and quality of service  
4 oversight.

5 From 1980 until 1991, I was employed by the California Public Utilities Commission,  
6 where I held several positions on the technical energy staff, as an advisor to a Commissioner, and  
7 as an administrative law judge. As an advisor, I dealt with both energy and telecommunications  
8 issues, including state implementation of AT&T's divestiture. As an administrative law judge, I  
9 handled telecommunications matters, including cases addressing alternative regulation and  
10 intraLATA competition for Pacific Bell Telephone Company and GTE California, and regulatory  
11 flexibility for AT&T. For five semesters, I taught a graduate course entitled "Legal and  
12 Regulatory Aspects of Telecommunications" at Golden Gate University.

13 I have filed testimony or appeared before commissions in the states of California,  
14 Colorado, Illinois, Indiana, Kentucky, Missouri, Ohio, Puerto Rico, Rhode Island, and Texas. I  
15 hold a Bachelor of Science degree in mathematics from the University of Mississippi and a  
16 Master of Science degree in electrical engineering from the University of Illinois at Champaign-  
17 Urbana. I have also taken engineering and economics courses at the Los Angeles and Berkeley  
18 campuses of the University of California. A detailed description of my qualifications and  
19 experience is attached to my testimony as CUB/AG Exhibit 1.1.

20 Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

21 A. I am presenting testimony on behalf of Citizens Utility Board and the Attorney General  
22 of the State of Illinois on behalf of the People of the State of Illinois (CUB/AG).

1 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

2 A. I will address the proposed changes to Part 730 concerning the service quality obligations  
3 of local exchange carriers, and highlight the policy issues represented by these proposals.

4 Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN THIS PROCEEDING.

5 A. I suggest a number of clarifying changes to the proposed Part 730. The more substantive  
6 recommendations include the following:

- 7 • Broadening the language regarding the ability of the Commission to adopt  
8 different requirements for companies subject to alternative regulation.  
9
- 10 • Specification of the amount of disaggregation that each LEC must use in  
11 providing quarterly service quarterly reports to the Commission.  
12
- 13 • The reference to Section 13-305 of the Public Utilities Act should be deleted  
14 from the rule regarding penalties.  
15
- 16 • The calculation should be modified for determining whether the out-of-service  
17 over 24 hours standard has been met, and similar calculations for installations  
18 and trouble reports should be clarified so that emergency situations are treated  
19 consistently among the measurements.  
20
- 21 • Standards should be established that 90 percent of installation appointments  
22 and 90% of repair appointments should be kept unless at least 24 hours notice  
23 is given to the customer.  
24
- 25 • Standards for trouble reports should be reduced from current levels to reflect  
26 actual performance.  
27

28 **II. Alternative Regulation**  
29

30 Q. DO THE RULES AS PROPOSED ADDRESS THE EFFECT THEY MAY HAVE ON  
31 CARRIERS SUBJECT TO ALTERNATIVE REGULATION?

1 A. Yes, in part. Section 730.120, Penalties, specifies that a company subject to alternative  
2 regulation may have fines, penalties or other enforcement mechanisms determined in a company  
3 specific docket.

4 Q. IS THIS SUFFICIENT TO ADDRESS THE INTERACTION OF PART 730 RULES  
5 AND ALTERNATIVE REGULATION?

6 A. No. Section 13-506.1 of the Public Utilities Act, which authorizes alternative regulation  
7 for telephone carriers, specifically requires that an alternative regulation plan maintain the  
8 quality and availability of telecommunications services. Therefore, service quality in general,  
9 not just service quality penalties, are subject to an alternative regulation plan. For example, in  
10 the alternative regulation plan created for Illinois Bell Telephone Company (now d/b/a  
11 Ameritech Illinois), the Commission specified performance standards that were more stringent  
12 than the existing standards under the former Part 730 because the Commission wanted to  
13 maintain service quality at its then current level. The Commission developed specific reporting  
14 requirements and penalty provisions in the alternative regulation plan to insure that service  
15 quality was maintained, and did not deteriorate, under alternative regulation. See ICC Docket  
16 92-0448/93-0239, Order at 56-59 (Oct. 11, 1994) and CUB/AG Exhibit 1.2 attached to this  
17 testimony (a sample service quality report from an Annual Rate Filing).

18 Q. CAN YOU GIVE AN EXAMPLE OF HOW THE COMMISSION HANDLED  
19 SERVICE QUALITY STANDARDS IN THE LAST AMERITECH ILLINOIS  
20 ALTERNATIVE REGULATION ORDER?

21 A. Yes. Although the installation benchmark in Part 730 was 90% installed within five  
22 business days, the alternative regulation plan requires Ameritech Illinois to maintain its

1 performance at 95.44% of installations within five business days, as that was its performance  
2 when the plan was adopted. ICC Docket 92-0448/93-0239, Order at 58 (Oct. 11, 1994).  
3 Similarly, it requires Ameritech Illinois to maintain its trouble reports at no more than 2.66 per  
4 100 access lines and its operator answer times at no more than 3.6 seconds (toll and assistance)  
5 and 5.9 seconds (information), lower than the 7 seconds allowed in the existing rule to insure that  
6 its service quality did not degrade. See CUB/AG Exhibit 1.2. If the company does not meet  
7 these benchmarks, its revenues are decreased according to the price cap formula.

8         These standards deviated from the service quality rule. The revised Part 730 should  
9 explicitly recognize the Commission's option to impose greater service quality performance,  
10 standards, reporting, and penalties on carriers regulated under alternative regulation.

11 Q.     HOW DO YOU PROPOSE THAT PART 730 ADDRESS ALTERNATIVE  
12 REGULATION?

13 A.     Because service quality performance, standards, reporting and penalties may all be  
14 subject to an alternative regulation plan, I suggest that Section 730.100, Application of Part, be  
15 modified to state that these rules are minimum requirements, and that carriers subject to  
16 alternative regulation may be subject to additional requirements established in a company  
17 specific docket.

18 Q.     WOULD THIS AFFECT ANY OTHER SECTION OF THE STAFF'S PROPOSED  
19 RULE (ATTACHMENT 1.0 to ICC STAFF EXHIBIT 1.0)?

20 A.     Yes. The last sentence in section 732.120, which refers to alternative regulation in the  
21 context of penalties could be eliminated as redundant.

1 **III. Reporting Requirements**

2  
3 Q. PLEASE DESCRIBE THE PROPOSED RULE'S REPORTING REQUIREMENTS.

4 A. The proposed Part 730 adds Section 730.115, Reporting. Section 730.115 requires that  
5 each carrier submit a quarterly report with monthly performance data for basic local exchange  
6 service quality, and includes most of the service quality measures contained in Subpart E. The  
7 reporting proposal also includes the language from Section 13-712, which was recently added to  
8 the Public Utilities Act, that "the performance data shall be disaggregated for each geographic  
9 area and each customer class of the State for which the telecommunications carrier internally  
10 monitored performance data as of a date 120 days preceding the effective date of this  
11 amendatory Act of the 92nd General Assembly."

12 Q. DO YOU HAVE ANY CONCERNS ABOUT THE LANGUAGE IN THE PROPOSED  
13 SECTION 730.115, REPORTING REQUIREMENTS?

14 A. Yes. I am concerned that the references to the specific reporting requirements of Part 730  
15 may not be the most precise, that the reporting requirements may not include sufficient or  
16 appropriate data, and that the disaggregation requirement is too vague.

17 Q. WHAT CHANGES OR CLARIFICATIONS DO YOU RECOMMEND TO THE RULE  
18 CONCERNING THE DATA THAT ARE TO BE REPORTED?

19 A. First, I recommend the following minor changes or clarifications to the list of reporting  
20 requirements and cites in Section 730.115. These primarily are intended to clarify the measures  
21 to be reported:

- |   |                  |
|---|------------------|
| • <u>Average operator answer time—toll and assistance</u> | 730.510(a)(1)(2) |
| • <u>Average operator answer time—information</u>         | 730.510(a)(2)    |
| • <u>Average repair office answer time</u>                | 730.510(b)(1)(2) |
| • <u>Average business or customer service answer time</u> | 730.510(b)(1)(2) |



- 1 • Percent of basic local exchange service installations completed within 5 business days  
2 or, if a telecommunications carrier utilizes the network or network elements of  
3 another carrier, within 3 business days after provisioning of the line or lines, by the  
4 carrier whose network or network elements are utilized, is complete 730.540(a)(b)(1)
- 5 • Percent of lines out of service for more than 24 hours 730.535(b)(2)(3)
- 6 • Trouble reports per 100 access lines 730.545(ba)
- 7 • Percent of repeat trouble reports 730.545(ec)
- 8 • Percent of installation trouble reports 730.545(gf)
- 9 • Percent of missed repair appointments, and 730.545(ih)
- 10 • Percent of missed installation appointments. 730.540(d)
- 11

12 The proposed list excludes Part 730's average speed of dial tone measure (730.515), the  
13 percent of calls not encountering an "all trunks busy" signal (730.520), and the percent of  
14 incoming inter-MSA calls during the busy hour receiving ringing signal, station busy tone, or  
15 intercept (other than encountering an "all trunks busy" signal on the first attempt) (730.520),  
16 which is acceptable.

17 I recommend that Section 730.115 reference the sections containing the service quality  
18 measurements, so there is no inconsistency or confusion between the text of each rule and the  
19 general reporting requirement found at Section 730.115. Additionally, these changes are  
20 necessary to clarify that affirmative reporting, as opposed to exception reporting, is required for  
21 each measurement, so that the Commission and parties can assess whether and the extent to  
22 which each standard has been met.

23 Q. CAN YOU EXPLAIN THE DIFFERENCES BETWEEN YOUR LIST ABOVE AND  
24 THE PROPOSED RULE?

25 A. Yes. My recommendations primarily are intended to clarify the proposed rule rather than  
26 substantively change it. First, a listing of the reporting requirement in the above form will make  
27 the rule easier to read and understand. When the rule underlying the reporting requirement states

1 a standard as a percentage, or as an average, I recommend that Section 730.115 require reporting  
2 of that form of the measurement. I also recommend that the reporting requirements be  
3 established in the same level of detail found in the underlying rule. For example, Part  
4 730.510(a) specifies separate standards for (i) toll and assistance and (ii) information operator  
5 calls and Part 730.510(b) requires separate reporting for business and repair offices (when  
6 separately maintained). I have specified these categories to insure that there is no conflict or lack  
7 of clarity between the underlying service quality rule and the reporting requirement.

8 Q. WHY DID YOU CHANGE SOME OF THE REFERENCES TO THE SPECIFIC  
9 SECTIONS OF PART 730 IN SECTION 730.115?

10 A. I recommend that some of the references to the underlying sections be changed for  
11 clarity. As an example, the proposed Section 730.115 references section 730.510(a)(2) and  
12 (b)(2) as the source of the reporting requirement for answering times. However, those  
13 subsections describe monthly exception reporting, whereby the carrier only reports "corrective  
14 action" it is taking to cure its failure to meet the standard in the preceding month. These sections  
15 do not require the carriers to make affirmative reports, and are commonly referred to as  
16 "exception" reporting because they are only required when the standard is not met.

17 The quarterly reports are to include "performance data," and "at a minimum" are to  
18 include, e.g., operator answer time. This statutory requirement can be met by citing to the  
19 section of the rule that contains the measurement, rather than the monthly exception reporting  
20 requirement.

21 Q. WHAT ARE YOUR CONCERNS REGARDING THE LEVEL OF  
22 DISAGGREGATION?

1 A. The proposed rule incorporates the language found in the new Section 13-712 of the  
2 Public Utilities Act concerning disaggregation, but provides no guidance to carriers, the public or  
3 the Commission as to what degree of disaggregation to expect in the reports. The date of the  
4 internal monitoring that will be the standard for each carrier is also not readily apparent, being  
5 120 days before the Act's effective date, and no procedure to determine each carrier's level of  
6 disaggregation is provided. It is more appropriate and direct to specify in the rule the minimum  
7 level of disaggregation that each carrier must provide, based on evidence submitted in this record  
8 regarding the carriers' level of monitoring as of March 2, 2001, which is the date 120 days  
9 before the effective date of the 2001 amendments to the Public Utilities Act.

10 Q. WHAT INFORMATION IS RELEVANT IN DETERMINING THE EXTENT OF  
11 CARRIERS' MONITORING OF PERFORMANCE DATA?

12 A. Some Illinois carriers report service quality data in ARMIS reports to the Federal  
13 Communications Commission (FCC). Data request responses provide another source of  
14 information about the extent of internal monitoring as of March 2, 2001. Additionally, carriers  
15 can submit information directly through testimony in this proceeding.

16 Q. CAN YOU DESCRIBE WHAT ARMIS REPORTING IS?

17 A. The FCC requires the larger carriers to report state-by-state service quality data in  
18 ARMIS Report 43.05. Table II in ARMIS Report 43-05 is relevant in this proceeding. Table II  
19 reports installation and repair intervals and the number of trouble reports. It includes separate  
20 data for the residential customer class and the business customer class. It is further broken down  
21 by urban and rural areas, i.e., those areas within Metropolitan Statistical Areas (areas determined  
22 by the United States Office of Management and Budget based on the decennial census, and

1 which include urbanized areas of at least 50,000), and those areas that are not within  
2 Metropolitan Statistical Areas. The FCC's instructions for Table II are attached to this testimony  
3 as CUB/AG Exhibit 1.3.

4 Q. WHICH ILLINOIS CARRIERS ARE REQUIRED TO PROVIDE DATA FOR ARMIS  
5 REPORTS?

6 A. Data for Table II of ARMIS Report 43-05 is provided by the following discrete entities:

7 Illinois Bell of Illinois,  
8 Central Tel of Illinois  
9 Verizon North--Illinois  
10 Verizon North—Contel/Illinois  
11 Verizon South--Illinois  
12 FC (Frontier) of Illinois  
13 FC of Lakeside, Inc.—Illinois  
14 FC-Mt. Pulaski, Inc.—Illinois  
15 FC-Midland, Inc.—Illinois  
16 FC-Prairie, Inc.—Illinois  
17 FC-Schuyler—Illinois  
18 FC of Orion, Inc.—Illinois  
19

20 Q. DO YOU KNOW WHETHER AMERITECH ILLINOIS MAINTAINS ANY OTHER  
21 LEVEL OF DISAGGREGATION?

22 A. Yes. Ameritech Illinois must provide the service quality data submitted under its  
23 alternative regulation plan broken down by Market Service Area 1 (MSA-1) and non-MSA 1  
24 areas. Additionally, in responses to data requests and in correspondence with the Commission  
25 last year, Ameritech Illinois indicated that it maintains service quality data for twelve separate  
26 geographic areas. These areas are known as Metro Southeast, Metro West, Chicago North,  
27 Chicago South, Chicago Central, Chicago West, Metro North, Illinois Valley, Illinois North,

1 Illinois South, Northshore and Fox Valley. A copy of a map showing these areas is attached as  
2 CUB/AG Exhibit 1.4.

3 Ameritech Illinois has not yet responded to certain Attorney General data requests in this  
4 proceeding addressing disaggregation. As a result, additional information may be forthcoming.

5 Q. IS THERE SUFFICIENT INFORMATION UPON WHICH TO BASE A  
6 DISAGGREGATION REQUIREMENT FOR AMERITECH ILLINOIS?

7 A. Yes, there is a basis to the extent the information has been provided or is publicly  
8 available.. We know that Ameritech Illinois already disaggregates service quality performance  
9 by customer class (business and residential) and by the twelve geographic areas shown on  
10 CUB/AG Exhibit 1.4. Either Section 730.115 or an appendix to Part 730 should specify that  
11 Ameritech Illinois is to disaggregate its performance data to this extent. The disaggregation for  
12 residential customers and business customers should be required for all measures where it is  
13 technically feasible. I would like to reserve the right to supplement this testimony after  
14 Ameritech Illinois responds to the Attorney General's data requests.

15 .Q. IS THERE SUFFICIENT INFORMATION UPON WHICH TO BASE A  
16 DISAGGREGATION REQUIREMENT FOR VERIZON?

17 A. Yes. Verizon already disaggregates service quality performance by customer class  
18 (business and residential) and by geographic area at least to the extent required by the FCC. The  
19 FCC requires service quality performance data separately for Verizon North, Verizon  
20 North—Contel, and Verizon South and, for each of those entities, for geographic areas within  
21 Metropolitan Statistical Areas and for geographic areas that are not within Metropolitan  
22 Statistical Areas. Either Section 730.115 or an appendix to Part 730 should specify that Verizon

1 is to disaggregate its performance data to this extent. The disaggregation for residential  
2 customers and business customers should be required for all measures where it is technically  
3 feasible.

4 Q. IS THERE SUFFICIENT INFORMATION UPON WHICH TO BASE A  
5 DISAGGREGATION REQUIREMENT FOR FRONTIER?

6 A. Yes. Frontier already disaggregates service quality performance by customer class  
7 (business and residential) and by geographic area at least to the extent required by the FCC. The  
8 FCC requires service quality performance data separately for seven Frontier companies in  
9 Illinois, listed above, and, for each of those entities, for geographic areas within Metropolitan  
10 Statistical Areas and for geographic areas that are not within Metropolitan Statistical Areas.  
11 Either Section 730.115 or an appendix to Part 730 should specify that Frontier is to disaggregate  
12 its performance data to this extent. The disaggregation for residential customers and business  
13 customers should be required for all measures where it is technically feasible.

14 Q. DO YOU HAVE INFORMATION REGARDING THE LEVEL OF  
15 DISAGGREGATION OF SERVICE QUALITY DATA MAINTAINED BY ANY OTHER  
16 LOCAL EXCHANGE CARRIER?

17 Yes. Gallatin River geographically disaggregates performance data concerning trouble reports,  
18 repeat trouble reports, out of service over 24 hours, and commitments by three geographic areas:  
19 Dixon, Galesburg, and Pekin. Citizens Communications maintains performance data on an  
20 exchange basis for several service quality measures. For example, percentage of out of service  
21 lines returned to service within 24 hours, number of missed repair appointments, trouble reports  
22 and repeat trouble reports, percentage of installations performed within five business days,

1 average installation interval, and number of missed installation appointments are all monitored  
2 on an exchange basis.

3 Either Section 730.115 or an appendix to Part 730 should specify that Gallatin and  
4 Citizens should disaggregate their performance data to this extent.

5 Q. HOW SHOULD THE DISAGGREGATION REQUIREMENT BE APPLIED TO  
6 OTHER CARRIERS?

7 A. Carriers should be required to specify in testimony in this docket the extent they  
8 disaggregate performance data. In the absence of specific testimony on this issue, carriers should  
9 be presumed to disaggregate performance data on an exchange basis and between business and  
10 residential customer classes. This will insure that when new carriers enter the market, they will  
11 know how to report their performance data.

#### 12 **IV. Penalties**

13 Q. DO YOU HAVE ANY RECOMMENDATIONS REGARDING PENALTIES FOR  
14 FAILURE TO COMPLY WITH THE COMMISSION'S SERVICE QUALITY STANDARDS?

15 A. Yes. The proposed Section 730.120 states that carriers shall be subject to the civil  
16 penalties of Section 13-305 for failure to meet the service quality requirements in Part 730.  
17 Section 13-305 limits the maximum size of a penalty to \$30,000 or .00825% of carriers gross  
18 intrastate annual revenue per violation, whichever is greater. For Ameritech Illinois, this  
19 amounts to about \$250,000.

20 I have two major concerns with the proposed Section 730.120. The first is that recent  
21 experience with Ameritech Illinois demonstrates that substantial penalties may be necessary in  
22 order to insure that service quality is maintained. I will discuss this in more detail below. The

1 second is that section 13-712 specifically provides that in developing the service quality rules,  
2 “the Commission shall consider, at a minimum, the carrier’s gross annual intrastate revenue; the  
3 frequency, duration, and recurrence of the violation; and the relative harm caused to the affected  
4 customer or other users of the network.” If the penalty limitations of section 13-305 are  
5 imported into this rule, it will effectively prevent the Commission from fashioning rules and  
6 penalties that reflect the nature of the violation and the resulting harm.

7 Q. PLEASE DESCRIBE THE RECENT EXPERIENCES WITH AMERITECH ILLINOIS  
8 AND SERVICE QUALITY PENALTIES.

9 A. Ameritech Illinois has routinely missed the standard for out-of-service over 24 hours  
10 established in its alternative regulation plan in Illinois, and has had its revenues reduced  
11 accordingly. It paid an additional \$30 million penalty for failure to meet the out-of-service  
12 standard in 2000, the result of a merger condition established by the Commission. It has also  
13 paid monthly penalties for failure to meet wholesale service standards established as another  
14 Illinois merger condition. Chairman Mathias pointed out at an April 24, 2001 open meeting that  
15 Ameritech Illinois had paid \$47 million cumulatively in penalties for failure to meet intrastate  
16 retail and wholesale service quality standards. Ameritech and SBC have also paid millions of  
17 dollars in penalties at the federal level and in other states for various service quality-related  
18 penalties.

19 Q. WHAT CONCLUSIONS DO YOU DRAW FROM THIS INFORMATION?

20 A. It is apparent that Ameritech Illinois has paid fines relating to service quality lapses that  
21 greatly exceed the \$30,000, and even the \$250,000, allowed by section 13-305. Given the  
22 General Assembly’s specific provision that service quality rules, which are to include provisions



1 for penalties, must consider the nature of a violation and its relative harm, in addition to the  
2 carrier's gross annual intrastate revenue; the General Assembly's clear and undisputed concern  
3 about service quality; and the fact that recent service quality penalties have significantly  
4 exceeded the amounts that may be allowed under section 13-305, it appears clear that the penalty  
5 limitations in section 13-305 were not meant to apply to service quality rules under section 13-  
6 712.

7 Q. DO YOU HAVE RECOMMENDATIONS CONCERNING THE PENALTY SECTION  
8 OF PART 730?

9 A. Yes. The first sentence of the proposed section 730.120 Penalties, which says that  
10 carriers subject to the service quality rules of Part 730 shall be subject to the civil penalties of  
11 Section 13-305 of the Public Utilities Act, should be deleted. The remainder of the proposed rule  
12 need not be changed.

13 **V. Average Answer Time**

14  
15 Q. WHAT IS THE AVERAGE ANSWER TIME IN THE PROPOSED RULE FOR  
16 BUSINESS AND REPAIR OFFICES?

17 A. Section 730.510(b)(2) provides for a 60 second average answer time for business and  
18 repair offices.

19 Q. WHAT IS THE SIGNIFICANCE OF ANSWER TIME?

20 A. Answer time provides a good indication of how easy or difficult it is for a customer to  
21 access a local exchange carrier. For example, excessive answer times may discourage a  
22 customer from following up on a question or complaint due to the need to wait on hold. Long  
23 hold times waste time and frustrate consumers' efforts to contact the carrier.

1 Q. IS IT IMPORTANT FOR CARRIERS TO REPORT ANSWER TIMES?

2 A. Yes. It is important both to enable the Commission and the carrier to monitor answer  
3 times so remedial steps can be taken promptly in the event of excessive delays and to allow  
4 consumers to compare answer times so that they can make informed decisions when comparing  
5 various LECs, assuming they have a choice among competitors.

6 Q. DO YOU HAVE A RECOMMENDATION REGARDING SECTION 730.510(a)(2)?

7 A. Yes. I recommend that the exception reporting requirement in Section 730.510(a)(2)  
8 apply separately for (1) toll and assistance calls and (2) information calls, to be consistent with  
9 the establishment in Section 730.510(a) of separate standards for these two types of calls. To  
10 that end, Section 730.510(a)(2) should be modified to read, "Whenever the average answer time  
11 for either (i) toll and assistance calls and/or (ii) information calls, calculated ..."

12 Q. DO YOU HAVE A SIMILAR RECOMMENDATION REGARDING SECTION  
13 730.510(b)?

14 A. Yes. It would be helpful to specify that the standard in Section 730.510(b)(1) applies  
15 separately to (i) business offices and (ii) repair offices when a carrier maintains separate business  
16 and repair offices. Consistent with the requirement in Section 730.510(b) that exception  
17 reporting be done separately for business offices and repair offices when they are maintained  
18 separately, I recommend that the standards apply separately as well, in order to eliminate any  
19 incentive for a carrier to allow selective degradations in service quality. This interpretation can  
20 be effected by adding the following sentence at the end of Section 730.510(b)(1): "This  
21 requirement shall apply separately to (i) Business offices and (ii) Repair offices if they are  
22 maintained separately." Additionally, Section 730.510(b)(2) would be modified as follows:

1 “Whenever the average answer time for either business offices or repair offices (if maintained  
2 separately), calculated...”

3 **VI. Out of Service Over 24 Hours**

4  
5 Q. PLEASE ADDRESS THE MANNER IN WHICH THE PERCENTAGE OF OUT OF  
6 SERVICE OVER 24 HOURS MEASURE SHOULD BE CALCULATED.

7 A. The issue here is the extent to which the calculation should reflect various exclusions.  
8 The Staff proposes changes to Section 730.535 to specify a formula for calculating the  
9 percentage of service that is restored within 24 hours. The proposed rule includes two  
10 calculations: Calculation A, the “Official Calculation Methodology,” and Calculation B, which  
11 would be reported to the Staff upon request. Both calculations produce an out-of-service  
12 percentage by dividing the applicable number of outages that are not repaired within 24 hours by  
13 the applicable total number of outages. The sole difference between the two calculations lies in  
14 the inclusion or exclusion of emergency situations that lead to the carrier’s failure to restore  
15 service within 24 hours (called variable h). In both Calculation A and Calculation B, such  
16 emergency situations are excluded from the number of outages not repaired within 24 hours (the  
17 numerator in the calculation). However, such emergency situations are included in the total  
18 number of outages (the denominator) used in Calculation A while they are excluded from the  
19 total number of outages used as the denominator in Calculation B.

20 Q. WHAT IS THE PRACTICAL EFFECT OF USING CALCULATION A?

21 A. Calculation A “looks” as if the company restored service in the emergency situations  
22 within 24 hours. By including outages that were not restored on time due to emergency  
23 situations in the denominator but not the numerator, Calculation A essentially gives the company

1 credit as if it completed the repairs on time. Under Calculation A, although the total number of  
2 out-of-service conditions not subject to the emergency exclusion that are or are not repaired  
3 within 24 hours is unaffected, the percentage of repairs completed within 24 hours is increased  
4 because outages not subject to the 24 hour requirement, i.e., those resulting from an emergency  
5 situation, are counted in the total. This distorts the data and does not report the relevant metric,  
6 which is the percentage of repairs subject to the 24 hour requirement that are in fact repaired  
7 within 24 hours.

8 Q. WHAT IS THE PRACTICAL EFFECT OF USING CALCULATION B?

9 A. Calculation B “looks” as if the outages that were not restored on time due to emergency  
10 situations did not occur. By excluding such situations from both the numerator and the  
11 denominator, Calculation B essentially does not consider the emergency situations at all.

12 Q. ARE THERE OTHER WAYS TO CALCULATE THE PERCENT OF OUT-OF-  
13 SERVICE CONDITIONS REPAIRED WITHIN 24 HOURS?

14 A. Yes. In response to AG data request 2, Ameritech Illinois indicated that it uses  
15 Calculation A. However, Verizon and Citizens reported that they do not exclude emergency  
16 situations at all (Verizon response to AG data request 2, Citizens response to AG data request 5).  
17 Additionally, the FCC does not provide any exclusions for emergency situations in the out-of-  
18 service performance data reported in Table II in ARMIS Report 43-05, as indicated in CUB/AG  
19 Exhibit 1.3. Calculations with no exclusions for emergency situations could be viewed as a  
20 Calculation C, in which emergency situations are included in both the numerator and  
21 denominator. Such an approach shows the carrier’s out-of-service performance without regard  
22 to whether there are emergency situations.

1 As an example, Verizon reported that it did not meet the out-of-service standard in 1998  
2 due partly to storms (response to AG data request 1). Modifying its calculations to use the  
3 Calculation A or Calculation B formulae improved its reported performance (response to AG  
4 data request 3), and use of Calculation A improved its performance the most.

5 Q. WHICH CALCULATION SHOULD BE RELIED UPON IN DETERMINING  
6 WHETHER A CARRIER HAS CLEARED 95% OF OUT-OF-SERVICE TROUBLES WITHIN  
7 24 HOURS?

8 A. Calculation C or, possibly, Calculation B. Calculation C indicates a carrier's  
9 performance in all situations, whereas Calculation B indicates a carrier's performance only in  
10 non-emergency situations.

11 I recognize that emergency situations may affect a carrier's ability to maintain quality  
12 service in non-emergency situations, because resources may be diverted to the emergency  
13 situation. However, it would not be appropriate to automatically credit a carrier as if it had  
14 restored service in emergency situations within 24 hours, as is done in Calculation A. If a carrier  
15 believes that emergency situations have hampered its ability to meet the standard using  
16 Calculation C or Calculation B, it could provide evidence to that effect in its monthly exception  
17 report. Further, it would be appropriate for the Commission to consider the existence of  
18 emergency situations as a mitigating factor if it were to review a carrier's failure to repair 95% of  
19 its out-of-service conditions within 24 hours for the purpose of imposing penalties. However, it  
20 is not appropriate to categorically give carriers full credit for emergency situations ahead of time.  
21 A carrier should have a burden to show that emergency situations did indeed exist and prevented  
22 the standard from being met.

1           The more stringent Calculation C I have described is consistent with the current practice  
2 of the FCC, Verizon, and Citizens, and gives the clearest picture of the carrier's performance.  
3 Calculation B may be an acceptable calculation as well in determining whether the standard is  
4 met. While carriers could be permitted to report Calculation A if they wish, it should not be the  
5 basis for determining compliance, without a fact-specific justification by a carrier regarding the  
6 purported emergency situations.

7           If the Commission determines that Calculation A should be the formula used in  
8 determining whether the standard has been met, I still recommend, at a minimum, that  
9 Calculation B also be included in the quarterly reports so that the Commission and parties can  
10 monitor whether situations carriers claim to be emergency situations have affected compliance  
11 with the established standard.

## 13   **VII.   Installation Requests**

14  
15   Q.   DO YOU HAVE ANY COMMENTS ON THE PROPOSED RULES FOR  
16 INSTALLATION REQUESTS?

17   A.   Yes. First, I suggest that the calculation of this measure be clarified. The proposed  
18 Section 730.540(f) provides that installations that are not completed due to a variety of reasons  
19 will not be considered a violation of the installation requirement. It would be helpful for the rule  
20 to include detailed calculations similar to those in Section 730.535, to clarify which of the  
21 exceptions would be excluded from the calculation, and how. Ameritech Illinois reports that it  
22 excludes emergency situations from both the numerator and denominator in calculating its  
23 installation performance (response to AG data request 4), which would be consistent with a

1 Calculation B approach described above. On the other hand, Verizon reports that it does not  
2 exclude emergency situations at all in this calculation (response to AG data request 4), which  
3 would be consistent with the Calculation C approach. For consistency, I recommend that failure  
4 to install service within the specified time frame due to emergency situations be treated the same  
5 as failure to restore outages due to emergency situations, using the Calculation C approach or,  
6 possibly, the Calculation B approach.

7 Second, I suggest three minor wording changes to clarify installation requirements for  
8 carriers utilizing the network or network elements of another carrier. First, the first sentence in  
9 the third paragraph of Section 730.540(a) could be modified to read, "A telecommunications  
10 carrier offering basic local exchange service utilizing the network or network elements of  
11 another carrier shall install 90% of new lines within 3 business days..." Second, the following  
12 sentence could be added at the end of Section 730.540(c): "For a telecommunications carrier  
13 utilizing the network or network elements of another carrier, the measurement shall commence  
14 on the date the carrier whose network or network elements are being utilized completes  
15 provisioning of the line or lines." Finally, the first sentence in Section 730.540(f) could be  
16 modified to read, "An installation that is not performed within the intervals ~~five (5) business days~~  
17 referred to..."

18 Third, I recommend that Section 730.540(d) be modified to establish a standard that 90  
19 percent of installation appointments must be met, unless at least 24 hours notice is given. The  
20 proposed Part 730 deletes the existing requirement in Section 730.540(c) that 90 percent of a  
21 carrier's installation commitments be met. Kept appointments may be a better measure of  
22 service quality than kept commitments, and are consistent with the statutory compensation

1 requirement. While providing some incentive, the customer credit requirements in Part 732 may  
2 not prove sufficient to ensure that carriers keep an acceptable percentage of their installation  
3 appointments. As we have found in the past, sometimes carriers find it more profitable to pay  
4 penalties than to provide quality service. The inclusion of standards for appointments in Part 730  
5 would make clear the minimum level of performance that the Commission expects and would  
6 allow the Commission to assess penalties as needed to ensure that carriers meet those standards.  
7 The existing 90% standard for installation commitments in Part 730 also appears to be a  
8 reasonable standard for appointments. As a result, I recommend that the existing standard for  
9 kept commitments be replaced with a comparable standard for kept appointments

10 Q. DO YOU RECOMMEND ANY CHANGES TO SECTION 730.540(e)?

11 A. Yes. I recommend that Section 730.540(e) be amended to ensure that proper records are  
12 kept regarding installation appointments, as follows:

13 Each local exchange carrier shall maintain a record of installation requests as  
14 reported by its customers. This record shall include appropriate identification  
15 of the customer or service affected, the time, date and nature of the  
16 ~~report~~installation request, the action taken, ~~and~~ the date and time of  
17 installations or other disposition, the date and time of installation  
18 appointments, and whether the appointments were kept, cancelled with at  
19 least 24 hours notice to the customer, or missed without at least 24 hours  
20 notice to the customer.  
21

## 22 **VIII. Trouble Reports**

23  
24 Q. PLEASE ADDRESS THE MEASURE FOR TROUBLE REPORTS.

25 A. The proposed Part 730 adds Section 730.545 Trouble Reports. Section 730.545(a)  
26 maintains the current standard that carriers receive no more than 6 trouble reports per 100 lines  
27 per month . Repeat trouble and installation trouble reports cannot exceed 20% (730.545(c), (f)).



1 Q. ARE YOU AWARE OF ANY ARGUMENTS AGAINST CHANGING THE NUMBER  
2 OF TROUBLE REPORTS PER 100 TO REFLECT CURRENT LEVELS?

3 A. It has been suggested that changing the standard to reflect the improved rates of trouble  
4 report would somehow “punish” carriers for improving their performance. I disagree that  
5 updating the standard would have that purpose or effect. These rules are being changed to adapt  
6 to current service quality standards, and they should set realistic and generally accepted service  
7 measures and benchmarks. If the rules fail to establish trouble report levels that reflect actual  
8 experience, they are condoning degradation of service quality, because the benchmark is  
9 significantly lower than current practice.

10 Q. WHAT STANDARD DO YOU RECOMMEND FOR TROUBLE REPORTS, REPEAT  
11 TROUBLE REPORTS, AND INSTALLATION TROUBLE REPORTS?

12 A. I recommend a trouble report standard of no more than 3 trouble reports per 100 access  
13 lines per month. Ameritech Illinois’ current standard, set in the alternative regulation  
14 proceeding based on historical performance, is 2.66 trouble reports per 100 access lines per  
15 month. Verizon reports monthly trouble report rates ranging between 1.0 to 2.7 (response to AG  
16 data request 1). Citizens reports similar trouble report rates ranging between 1.9 and 2.7. It  
17 would be unreasonable to allow the carriers to degrade their performance to 6 trouble reports per  
18 100 access lines per month.

19 I recommend a repeat trouble report standard of no more than 15%, rather than the 20%  
20 in the existing rule. Ameritech Illinois’ standard for repeat troubles is 10%, established in the  
21 alternative regulation plan based on actual performance. Verizon reports repeat trouble report  
22 rates that exceeded 15% in only one month since January 1999 (response to AG data request 13),

1 reaching 16.0% in February 1999. Citizens reported repeat trouble report rates since December  
2 2000, ranging between 12.6% and 18.1% (response to AG data request 6). Gallatin River  
3 reported repeat trouble rates in 1999 between 10.82% and 24.34%. If the Commission is  
4 concerned about the smaller companies' ability to meet a 15% standard, it could maintain the  
5 20% standard for the smaller companies.

6 I recommend a standard for installation trouble reports of no more than 10%, rather than  
7 the 20% in the current rule. Ameritech Illinois' alternative regulation standard is 5%, based on  
8 actual performance. Verizon reports installation trouble report rates between 4.22% and 6.95%  
9 since April 1999. While data has not been provided by the smaller companies, a 10% standard is  
10 should balance reasonably their needs and the expectation that installations will be performed  
11 correctly.

12 Q. DO YOU SUGGEST CLARIFYING CHANGES TO SECTION 730.545(b)?

13 A. Yes. In the first sentence, I suggest that the phrase, "by the total number of access lines  
14 in service" be moved to the end of the sentence.

15 Q. DOES AN ISSUE REGARDING THE PROPER TREATMENT OF EMERGENCY  
16 SITUATIONS ARISE FOR TROUBLE REPORTS?

17 A. Yes. Similar to the discussion above regarding installations, it would be helpful for the  
18 rule to clarify the treatment of exclusions in the calculation of trouble reports and installation  
19 trouble reports. Consistent with my recommendations regarding out-of-service situations and  
20 service installations, I recommend that instances when a company's ability to correct trouble is  
21 delayed by emergency situations either be included in both the numerator and denominator of the  
22 calculation (Calculation C) or excluded entirely (Calculation B).

1 Q. DO YOU HAVE ANY RECOMMENDATIONS REGARDING REPAIR  
2 APPOINTMENTS?

3 A. Yes. For consistency and clarity, I recommend that Section 730.545(h) be modified to  
4 mirror the language in Section 730.535(c), except that Section 730.545(h) would refer to “a  
5 trouble report” rather than “an out of service trouble report.” Particularly since the term “trouble  
6 report” is defined to include both service-affecting and out-of-service conditions, it would be  
7 helpful for the requirements regarding out-of-service appointments and repair appointments to be  
8 consistent.

9 Additionally, for the same reasons I recommend a 90 percent standard for installation  
10 appointments, I recommend that Section 730.545(h) be modified to establish a standard that 90  
11 percent of repair appointments must be met, excluding instances in which at least 24 hours notice  
12 is given.

13 Q. DO YOU RECOMMEND MODIFICATIONS TO SECTION 730.545(i)?

14 A. Yes. I recommend that section 730.545(i) be modified to include the requirement that  
15 missed repair appointments be tracked. That can be done with the following amendment:

16 730.545 (i) Each local exchange carrier shall maintain a record of repair  
17 appointments as reported by its customers. This record shall include  
18 appropriate identification of the customer or service affected, the time, date  
19 and nature of the report, the action taken and the date and time of repair  
20 appointments, and whether the appointments were kept, cancelled with at  
21 least 24 hours notice to the customer, or missed without at least 24 hours  
22 notice to the customer.  
23  
24

25 Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

26 A. Yes, it does.